MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

SUPPLEMENTARY EXAMINATION

TRIMESTER 1, 2015/2016

BSM 3614-STRATEGY

(All Sections / Groups)

17 NOV 2015
2.30 PM – 5.30 PM
(3 HOURS)

INSTRUCTION TO STUDENT

1. This question paper consists of **THREE (3)** pages including the cover page.
2. Answer **ALL** questions in **Section A** and **Section B**. The distribution of the marks for each question is given.
3. Write your answers in the Answer Booklet using a pen.

Section A: Case Study (50 marks)
Answer All Questions.
Case Study 1-Meters Limited

Meters Limited is a company engaged in the designing, manufacturing, and marketing of instruments like speed meters, oil pressure gauges, and so on, that are fitted into two and four wheelers. Their current investment in assets is around Rs. 5 crores and their last year turnover was Rs. 15 crores, just adequate enough to breakeven. The company has been witnessing over the last couple of years, a fall in their market share prices since many customers are switching over to a new range of electronic instruments from the range of mechanical instruments that have been the mainstay of Meters Limited. The company has received a firm offer of cooperation from a competitor who is similarly placed in respect of product range. The offer implies the following: (i) transfer of the manufacturing line from the competitor to Meters Limited; (ii) manufacture of mechanical instruments by Meters Limited for the competitor to the latter's specifications and brand name; and (iii) marketing by the competitor. The benefits that will accrue to Meters Limited will be better utilization of its installed capacity and appropriate financial compensation for the manufacturing effort. The production manager of Meters Limited has welcomed the proposal and points out that it will enable the company to make profits. The sales manager is doubtful about the same since the demand for mechanical instruments is shrinking. The Chief Executive is studying the offer. (June, 2009)

Question 1

a) What is divestment strategy? Do you see it being practised in the given case? Explain. **(5 Marks)**

b) What is stability strategy? Should Meters Limited adopt it? **(5 Marks)**

c) What is expansion strategy? What are the implications for Meters Limited in case it is adopted? **(5 Marks)**

d) What is your suggestion to the Chief Executive? **(10 Marks)**
[25 Marks]

Case Study 2-Barracuda Inc.

Barracuda Inc. is a lamp fixture manufacturer that is considering an entry strategy into the U.S. home furnishings manufacturing industry. The existing landscape consists of many players but none with a controlling share. There are presently 2500 home furnishings firms, and only 600 of those have over 15 employees. Average net profit after tax is between 4 and 5%. While the industry is still primarily comprised of single-business family-run firms that manufacture furniture domestically, imports are increasing at a fairly rapid rate. Some of the European imports are leaders in contemporary design. Relatively large established firms are also diversifying into the home furnishings industry via acquisition. Supplier firms to the home furnishings industry are in relatively concentrated industries (like lumber, steel, and textiles).Retailers, the intermediate customer of the home furnishings industry, have been traditionally very fragmented.

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Customers have many products to choose from, at many different price points, and few home furnishing products have strong brands. Also, customers can switch easily among high and low-priced furniture and other discretionary expenditures (spanning big screen TVs to the choice of postponing any furniture purchase entirely).

Question 2

a) Using the five-forces framework, summarize the opportunities and threats facing Barracuda as it considers entry into the home furnishings manufacturing industry. Which threats are greatest to current incumbents? **(10 Marks)**

b) How intense is competitive rivalry likely to be among incumbents of the home furnishings manufacturing industry? **(10 Marks)**

c) Is the furniture industry described above attractive? **(5 Marks)**

[25 Marks]

Section B: Essay Questions (50 marks)
Instruction: Answer ALL FIVE (5) questions
Question 1

Identify and explain the three bases of Michael Porter's generic strategies. **(10 Marks)**

Question 2

Define the following: **(10 Marks)**
1. Concentration Strategy
2. Horizontal Integration
3. Stability Strategy
4. Retrenchment
5. Turnaround

Question 3

Define first mover and state the advantages and disadvantages of being a first mover in the industry. **(10 Marks)**

Question 4

Explain the BCG Matrix with its four quadrants along with a suitable diagram.
(10 Marks)

Question 5

Explain the steps involved in developing the Strategic Position & Action Evaluation Matrix with a suitable diagram. **(10 Marks)**

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